

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-01 DODE-00 PA-01 USIA-06 PRS-01 /088 W  
----- 034698

P R 052105Z MAR 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 2404

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L SANTIAGO 1393

E.O. 11652: GDS

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: STATE 47776, SANTIAGO 1306 (NOTAL)

1. SUMMARY: EMBASSY AGREES THAT DISRUPTION OF PARIS CLUB MEETING WOULD BE HIGHLY UNDESIRABLE AND HOPES USG CAN PREVAIL UPON A SUFFICIENT NUMBER OF OTHER GOVERNMENTS TO ATTEND. END SUMMARY.

2. WE HAVE REFRAINED FROM WEIGHING IN RE DIFFICULTIES IN ARRANGING ATTENDANCE AT PARIS CLUB MEETING ON CHILE, BECAUSE WE BELIEVE MOST COGENT ARGUMENT FOR PROCEEDING AS ORIGINALLY PLANNED IS THAT IT WILL BE HARMFUL TO INTRODUCE POLITICAL FACTORS INTO WHAT SHOULD BE A TECHNICAL FINANCIAL OPERATION.

3. WE AGREE WITH DEPARTMENT, HOWEVER, THAT GOVERNMENTS WHICH BOYCOTT PARIS CLUB IN ORDER TO APPLY WHAT WOULD AMOUNT TO FINANCIAL SANCTIONS AGAINST CHILE MAY FIND THAT THEIR EFFORTS ARE SELF-DEFEATING. THE GOVERNMENT  
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OF THE JUNTA IS NOT A MONOLITH. RATHER, IT HAS WITHIN

IT HARD LINERS AND SOFT LINERS WHO ARE CONSTANTLY PULLING AND HAULING TO EDGE THE GOC'S POLICY THIS WAY OR THAT ON HUMAN RIGHTS ISSUES. OPEN PRESSURE TACTICS FROM OUTSIDE UNDERCUT THE RELATIVELY MODERATE ELEMENTS AND CAN BE PLAYED IN SUCH A WAY AS TO STRENGTHEN, AT LEAST FOR A TIME, A SIEGE MENTALITY POPULAR RESPONSE. WE ARE NOT CERTAIN WHETHER THE OBJECTIVE OF THE EUROPEAN SOCIALIST EXERCISE IS TO IMPEL THE GOC TO IMPROVE ITS HUMAN RIGHTS POSTURE, OR WHETHER IT IS TARGETED AT WEAKENING THE JUNTA TO PAVE THE WAY FOR ITS OVERTHROW. IN EITHER CASE, WE QUESTION THE EFFECTIVENESS OF USING THE PARIS CLUB AS AN INSTRUMENTALITY.

4. AS OF MARCH 4, CHILEAN NEGOTIATOR AND MINISTER FOR ECONOMIC COORDINATION RAUL SAEZ WAS NOT WELL INFORMED ON THE CURRENT EROSION OF SUPPORT FOR A PARIS CLUB MEETING, THOUGH HE HAD OF COURSE HEARD OF THE UK BOYCOTT ANNOUNCEMENT. WE TOLD HIM THAT US WAS MAKING DIPLOMATIC REPRESENTATIONS TO OTHER CLUB MEMBERS URGING THEIR ATTENDANCE, BUT THAT WE WERE NOT SURE WHETHER WE WOULD BE SUCCESSFUL.

5. WHEN ASKED WHAT CHILE PLANNED TO DO SHOULD SEVERAL IMPORTANT CREDITORS REFUSE ATTEND PARIS CLUB, SAEZ SAID HE THOUGHT THE MEETING COULD GO AHEAD ANYHOW. EMBOFF EXPRESSED SOME PERSONAL DOUBT THAT THIS WOULD BE POSSIBLE OR DESIRABLE IF FIVE OR SIX CREDITORS STAYED AWAY. SAEZ SAID SHOULD NO PARIS CLUB MEETING BE HELD, GOC WOULD APPROACH FRIENDLY GOVERNMENTS AND ASK FOR BILATERAL RESCHEDULING. SAEZ RECOGNIZED THAT THIS MIGHT BE BUMPY ROAD IN US AND ELSEWHERE.

6. WE NOTE THAT SUGGESTIONS HAVE BEEN MADE BY SWISS AND SWEDES FOR PROCEDURAL VARIATIONS IN THE EVENT THAT A FULL MEETING IS NOT POSSIBLE. SHOULD DEPARTMENT OR ANY OTHERS DECIDE TO PRESS FOR SOME CHANGE IN FORMAT OR TIMING, WE HOPE WE MAY LET CHILEANS KNOW HERE SOON. SAEZ HAS POSTPONED HIS TRIP TO US FOR TIME BEING, AND WE WILL BE SEEING HIM AGAIN MARCH 7. MEANWHILE, WE ARE GLAD TO NOTE THAT ASSISTANT SECRETARY ENDERS WILL BE REVERTING TO PROBLEM WHEN HE REACHES BONN: OBVIOUSLY CONFIDENTIAL

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FRG DECISION WILL BE OF GREAT IMPORTANCE.  
POPPER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEBT REPAYMENTS  
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**Copy:** SINGLE  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 47776, 75 SANTIAGO 1306  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 MAY 2003 by ElyME>; APPROVED <06 OCT 2003 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CHILE DEBT RESCHEDULING  
**TAGS:** EFIN, CI, PARIS CLUB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006